

§ 606.1

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AUTHORITY: 42 U.S.C. 1102; 26 U.S.C. 7805(a); Secretary's Order No. 4-75 (40 FR 18515).

SOURCE: 53 FR 37429, Sept. 26, 1988, unless otherwise noted.

Subpart A—General

§ 606.1 Purpose and scope.

(a) *In general.* The regulations in this part 606 are issued to implement the tax credit provisions of the Federal Unemployment Tax Act, and the loan provisions of title XII of the Social Security Act. The regulations on tax credits cover all of the subjects of 3302 of the Federal Unemployment Tax Act (FUTA), except subsections (c)(3) and (e). The regulations on loans cover all of the subjects in title XII of the Social Security Act.

(b) *Scope.* This part 606 covers general matters relating to this part in this subpart A, and in the following subparts includes specific subjects described in general terms as follows:

(1) Subpart B describes the tax credit reductions under the Federal Unemployment Tax Act, which relate to outstanding balances of advances made under title XII of the Social Security Act.

(2) Subpart C describes the various forms of relief from tax credit reductions, and the criteria and standards for grant of such relief in the form of—

- (i) A cap on tax credit reduction,

- (ii) Avoidance of tax credit reduction, and

- (iii) Waiver of and substitution for additional tax credit reduction.

(3) Subpart D describes the interest rates on advances made under title XII of the Social Security Act, dues dates for payment of interest, and other related matters.

(4) Subpart E describes the various forms of relief from payment of interest, and the criteria and standards for grant of such relief in the form of—

- (i) May/September delay of interest payments,

- (ii) High unemployment deferral of interest payments,

- (iii) High unemployment delay of interest payments, and

- (iv) Maintenance of solvency effort required to retain a deferral previously granted.

§ 606.2 Total credits allowable.

The total credits allowed to an employer subject to the tax imposed by section 3301 of the Federal Unemployment Tax Act shall not exceed 5.4 percent with respect to taxable years beginning after December 31, 1984.

§ 606.3 Definitions.

For the purposes of the Acts cited and this part—

(a) *Act* means as appropriate the Federal Unemployment Tax Act (26 U.S.C. 3301-3311), or title XII of the Social Security Act (42 U.S.C. 1321-1324).

(b) *Advance* means a transfer of funds to a State unemployment fund, for the purpose of paying unemployment compensation, from the Federal unemployment account in the Unemployment Trust Fund, pursuant to section 1202 of the Social Security Act.

(c) *Benefit-cost ratio* for cap purposes for a calendar year is the percentage obtained by dividing—

- (1) The total dollar sum of—

- (i) All compensation actually paid under the State law during such calendar year, including in such total sum all regular, additional, and extended compensation, as defined in section 205 of the Federal-State Extended Unemployment Compensation Act of 1970, and excluding from such total sum—